



Legislative Department Seattle City Council Memorandum

Date: March 22, 2012
To: All Councilmembers
From: Sara Belz and Patricia Lee, Council Central Staff
Subject: **Council Bill (CB) 117425: Proposed Library Levy for the August 7, 2012, Ballot**

CB 117425 would authorize the placement of a seven-year, \$122.6 million property tax levy on the August 7, 2012, ballot to support the Seattle Public Library (SPL). Levy revenues for 2013 would total \$17 million and grow by 1% per year. This equates to about \$0.15 per \$1,000 of assessed value. The annual cost to the owner of a residential property with the median assessed value for Seattle (\$361,000) would be around \$52.

Background

Approximately 95% of SPL's \$52 million operating budget for 2012 is supported by the City's General Fund. This heavy reliance on the General Fund makes SPL particularly vulnerable to fluctuations in City revenues. Over the past four years, this vulnerability has grown increasingly apparent as competing pressures on the General Fund have resulted in decreased operating hours at branch libraries, staff layoffs, an annual week-long closure of the SPL system, and reductions to the collections budget.

SPL's capital budget is largely funded by the City's Real Estate Excise Tax (REET) revenues. REET is applied to all real estate sales transactions in the City of Seattle. The volume and value of Seattle real estate transactions has declined in recent years and, as a result, so have the City's REET revenues. For 2012, SPL's total capital budget for its 27 buildings (the Central Library and 26 neighborhood branches) is just \$820,000. This level of annual support is not sustainable given the number and variety of facilities SPL maintains and operates.

As part of the 2010 budget process, the Council adopted a Statement of Legislative Intent (SLI 95-1-A-1) that created an interdepartmental team comprised of the City Librarian, Library Board, City Budget Office (CBO), Mayor's Office, City Attorney's Office, and Council staff and tasked it with exploring potential new sources of ongoing revenue for SPL. This effort was continued in 2011 after the Council adopted a second SLI (SLI 33-1-A-3) that called on the interdepartmental team to develop a proposal for a potential 2012 levy that could provide ongoing funding for a portion of SPL's budget.

In December 2011, the Council reviewed the interdepartmental team's response to SLI 33-1-A-3 and unanimously adopted Resolution 31345, which set forth a structure, process and schedule for the development of a 2012 library ballot measure. CB 117425 is the result of the workplan articulated in Resolution 31345 and would authorize the placement of a specific library levy proposal on the August 2012 ballot.

Levy Components

CB 117425 would authorize the placement of a seven-year library levy on the August 7, 2012, ballot. If approved by Seattle voters, proceeds from that levy would support the following four categories of library services from January 2013 through December 2019:

1) Open hours and access - \$26.8 million (annual average - \$3.8 million)

SPL would add back operating hours at branch libraries and increase the reference services available at branches and the Central Library. Funding would also be provided for operational functions that support open hours, including security services and technology support. Of the 15 branches that are currently open five days per week, 13 would gain Sunday hours and two would transition to a seven day schedule. SPL would no longer need to impose a week-long, system-wide closure each year.

2) Collections - \$17.3 million (annual average - \$2.5 million)

The variety and depth of SPL's collection would be increased to better meet patron demand for materials in all formats. The collections component of the levy would also fund increased purchasing of downloadable materials, such as e-books, and more copies of popular material in print, digital, and other formats.

3) Technology - \$10.6 million (annual average - \$1.5 million)

The Library would replace and upgrade computers and technology infrastructure that was purchased during the Libraries for All capital program. Levy funding would also support improvements to SPL's online services.

4) Regular and Major Maintenance - \$26 million (annual average - \$3.7 million)

Levy funds would provide additional support for regular and major maintenance activities at SPL's 27 buildings. This would not include funding for any new or expanded library facilities.

Additionally, levy proceeds totaling \$39.5 million (annual average - \$5.6 million) would be used to preserve, at 2012 levels, core SPL services that would otherwise be lost due to the City's continuing fiscal challenges. CBO currently projects a \$40 million General Fund shortfall in 2013. Using that projection as a baseline, SPL's proportional share of 2013 cuts is estimated at about \$5 million. Over the seven-year term of the proposed levy, \$39.5 million is the amount that would be required to sustain the \$5 million in core services that would otherwise be cut starting in 2013. CBO's analysis assumes SPL's operating costs would increase by 4% annually due to inflation.

CBO also anticipates that 1-2% of levy proceeds would be spent on administrative costs. This funding would be used to support implementation and accountability measures for levy programs and annual reporting to the public on levy outcomes. Spending in this area for 2013 is estimated at \$150,000. An under-recovery rate of about 1% is also assumed.

Next Steps

A public hearing on CB 117425 is scheduled for Tuesday, April 3, at 5:30 p.m. in Council Chambers. The next regular meeting of the Special Committee on the Library Levy will take place on Monday, April 9, at 2:30 p.m. (after Full Council), also in Council Chambers. In order to meet King County's filing deadline for August 2012 ballot measures, Committee and Full Council action on CB 117425 is expected to occur at the April 9 meeting.

If you have any questions about the content of CB 117425 or SPL's budget more generally, please feel free to contact us at any time (sara.belz@seattle.gov / 684-5382 or patricia.lee@seattle.gov / 386.0078).